

March 10, 2010

ITEM NO. B5

AUTHORIZATION TO: 1) ENTER INTO A PREDEVELOPMENT LOAN AGREEMENT WITH RS HOMES II LLC FOR THE ROOSEVELT SQUARE PHASE IIA DEVELOPMENT IN AN AMOUNT NOT TO EXCEED \$4,000,000 AND 2) EXECUTE SUCH OTHER DOCUMENTS AS NECESSARY TO IMPLEMENT THE FOREGOING

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to: 1) Enter into a Predevelopment Loan with RS Homes II LLC for the Roosevelt Square Phase IIA development in an amount not to exceed \$4,000,000 and 2) Execute such other documents as necessary to implement the foregoing.

FUNDING
HOPE VI Funds

Up to \$4,000,000 will be used as a loan for eligible predevelopment expenses

MBE/WBE/DBE and SECTION 3 PARTICIPATION

RS Homes II LLC will sign an affidavit stating they will comply with CHA's MBE/ WBE/DBE and Section 3 requirements and predevelopment due diligence responsibilities.

EXPLANATION

Related Midwest, Heartland Housing and Quest Development were selected as the result of an RFP issued by the Chicago Housing Authority ("CHA") and the court-appointed Gautreaux Receiver, Daniel E. Levin and The Habitat Company ("Receiver"), for redevelopment of the ABLA site into a mixed-income community. Related Midwest has planned the next phase of development, Roosevelt Square Phase IIA ("RS IIA"), to provide a total of 185 rental units, including 49 units for public housing residents.

RS IIA will have multiple sub-phase developments in order make it easier to finance and market new units in the current real estate market. The multi phase RS IIA developments are projected to include: 1) two, 64 unit market-rate rental buildings for a total of 128 units, 2) a Family Supportive Housing building with 30 total units, and 3) two rental building with 27 total units. The building types include townhouses, six flats and two, five story rental buildings.

Each of the two 64 unit buildings will provide 8 units for public housing families, for a total of 16 public housing units. The location of these buildings will be along Roosevelt Road between Racine

Avenue and Loomis Street. The predevelopment budget is attached and the proposed CHA predevelopment loan amount for these two buildings is approximately \$1,723,826.

The Family Supportive Housing building and two additional rental buildings will provide a total of 57 affordable and public housing units. The predevelopment budget for these 57 units is attached and the proposed CHA predevelopment loan amount is approximately \$1,753,822.

The Family Supportive Housing building will be located between Throop Street (East), Blue Island (West), 15th Street (South) and north of the new proposed Police Station along Blue Island. This development consists of 30 units of which 15 will be set aside for ABLA residents who need extra supportive services or are on the verge of becoming homeless. This development will provide special attention for families who are having a hard time staying lease compliant. Some of the services available to CHA residents will include: Case management; Employment referrals and job readiness training; Community-building activities for adults and children; Financial wealth-building education; Community gardening/food security/nutrition; Mental health, substance abuse, and specialized services; Off-site child care; Off-site health care; and Educational and after school programming for children by leveraging human capital in the form of corporate volunteers and collaborations with local universities for tutoring, mentoring; and role modeling programs and activities.

The other two rental buildings will be located on two separate sites for a total of 27 units with 18 units proposed for public housing residents and 9 units for affordable residents; the first building will be located along Roosevelt Road between Racine Avenue and Throop Street; the second building is located along 13th Street between Blue Island Avenue and Racine Avenue. This site is just north of the new Fire Station that was developed by the PBC to serve the surrounding community.

The developer plans to close on the first sub phase of the two, 64 unit buildings by late summer, early fall 2010. They currently have building permits and are waiting to finalize the financing. The Family Supportive Housing development plans to close early in 2011.

PREDEVELOPMENT FINANCE

The Development Agreement provides that predevelopment loans will be offered in amounts not to exceed 75% of eligible third party predevelopment costs consistent with U.S. Department of Housing and Urban Development cost control guidelines and regulations. This predevelopment loan will help fund a portion of Roosevelt Square IIA pre-development costs, including site planning, survey work, architect and engineering design, and legal costs. The predevelopment budget is attached to this resolution. The requested predevelopment CHA loan amount for the two, 64 unit rental buildings is \$1,723,826 and \$1,753,822 for the remaining 57 units in the Family Supportive Housing and additional two rental buildings. This predevelopment loan will be repaid in full to CHA at the real estate closing for each sub phase closing. All CHA's MBE/WBE and Section 3 requirements will be satisfied under the Predevelopment Loan Agreement to be executed between CHA and RS Homes II LLC.

Based on the foregoing, it is in the best interest of the Chicago Housing Authority to: 1) Enter into a Predevelopment Loan with RS Homes II LLC for the Roosevelt Square Phase IIA development in an amount not to exceed \$4,000,000 and 2) Execute such other documents as necessary to implement the foregoing.

RESOLUTION NO. 2010-CHA-29

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated March 10, 2010, requesting authorization to: 1) Enter into a Predevelopment Loan with RS Homes II LLC for the Roosevelt Square Phase IIA development in an amount not to exceed \$4,000,000 and 2) Execute such other documents as necessary to implement the foregoing.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT,the Board of Commissioners hereby authorizes the Chief Executive Officer or his designee to: 1) Enter into a Predevelopment Loan with RS Homes II LLC for the Roosevelt Square Phase IIA development in an amount not to exceed \$4,000,000 and 2) Execute such other documents as necessary to implement the foregoing.

